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UNITED STATES DEPARTMENT OF COMMERCE
National Telecommunications and
Information Administration
Washington, D.C. 20230

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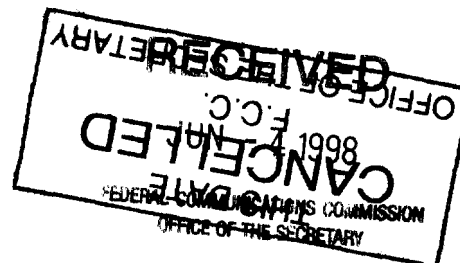
MAY 15 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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May 15, 1998

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554



Re: Proposed Revision of Maximum Collection Amounts for Schools and
Libraries and Rural Health Care Providers, Public Notice, CC Dkt. No. 96-
45, DA 98-872

Dear Ms. Salas:

Enclosed you will find an original and five copies of the letter from Larry Irving, Assistant Secretary for Communications and Information, Department of Commerce, to Chairman William E. Kennard in the above-referenced proceeding. In addition, three copies have been sent to Ms. Sheryl Todd of the Accounting Policy Division, Common Carrier Bureau.

Please direct any questions you may have regarding this filing to the undersigned. Thank you for your cooperation.

Respectfully submitted,

Kathy D. Smith
Acting Chief Counsel

Enclosures

cc: Chairman William E. Kennard
Commissioner Susan Ness
Commissioner Harold Furchtgott-Roth
Commissioner Michael Powell
Commissioner Gloria Tristani

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UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Communications
and Information
Washington, D.C. 20230

MAY 15 1998

The Honorable William E. Kennard
Chairman
Federal Communications Commission
Room 814
1919 M Street, N.W.
Washington, D.C. 20554

Re: Proposed Revision of Maximum Colletion Amounts for Schools and Libraries and Rural Health Care Providers. Public Notice - CC Docket No. 96-45, DA 98-872

Dear Chairman Kennard:

I am writing this letter on behalf of the Clinton Administration in response to questions raised in the Report to Congress, dated May 8, 1998, regarding universal service support mechanisms. The National Telecommunications and Information Administration serves as the President's principal adviser on telecommunications and information policy.

The Telecommunications Act of 1996 created a unique opportunity in our nation's history to lower prices, improve consumer choice in telecommunication services, and extend the benefits of the Information Age to all of our nation's children. As you know, the implementation phase of the Act is at a critical stage. The current focus on the E-rate program, as well as carriers' plans to recover the program's costs, needs to be put in context.

The Commission's actions thus far have created a sound platform that will enable America's children -- our nation's most precious resource -- to become better educated. Just as the promise of literacy did not occur with the printing press, but with public schools and libraries, the promise of the Information Age cannot be truly achieved for students until schools and libraries can access the rich public domain of the Internet.

Vital public support for assuring fair access to telecommunications is a long-standing governmental policy. We believe that the cost to the industry for support of schools and libraries has been balanced by reductions in access charges. The Commission should endeavor to fund the program with no additional costs or pass through to the customers. In any event, the cost to telecommunications carriers to fund discounts to schools, libraries, and rural health care centers at the current demand levels is no more than \$1 per line per month, and therefore, under no circumstances, should consumers be charged any more.

We believe that the Commission should ensure that carriers give consumers the information they need to understand that in the last 11 months, lower long distance bills in the form of access

charge reductions have equaled \$2.4 billion; that long distance bills are the lowest that they have been in history; and that the charges currently appearing on long distance bills were not mandated by the Commission or the Telecommunications Act of 1996. Rather these new charges on phone bills were calculated by the carriers to recover what they say are "new costs." We believe that efforts by the Congress to enact "truth-in-billing" legislation are an important and valuable contribution toward providing consumers with this information.

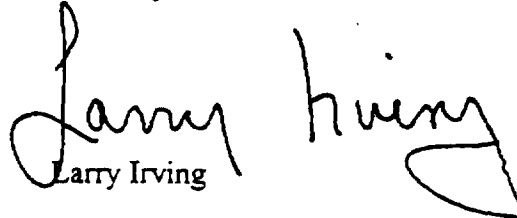
We also fully support Commission's direction to the current schools and libraries corporation to scrutinize applications to ensure that they meet the strict guidelines for funding. Only supported services should be discounted. Both applicants and providers must be held to the highest standards in adhering to the application and bidding process.

In the same vein, it is extremely important that schools and libraries using these technologies be highly sensitive to the needs of parents to safeguard their children from any harm that could result from unsupervised use of the Internet. We believe that education community understands the need to keep public confidence in school programs, and as such, they are already engaged in setting guidelines and researching or employing technology solutions to meet community concerns. Locally derived plans to ensure appropriate use of this technology will reflect the best of America's traditional values by working with families and communities to ensure this result. Thus, applicants should certify that they have local plans in place.

As you have stated, Mr. Chairman, we must proceed with the rollout of the schools and libraries program, a crucial aspect of universal service. We believe that the American people, through their elected representatives in Congress, understood that by ensuring that our schools and libraries have affordable access to important telecommunication technologies, we would be ensuring our nation's future. All of our children, in every school in our nation, must have access to the tools of our time. No school or child must be excluded from the benefits of the information age because of income or geographical area.

We urge the Commission to address the issues we have identified so that the schools and libraries program will be an even more successful contributor to the nation's goal of universal service.

Sincerely,


Larry Irving

cc: Honorable Susan Ness
Honorable Harold W. Furchtgott-Roth
Honorable Michael K. Powell
Honorable Gloria Tristani